

**TRINITY COUNTY
ASSESSMENT PRACTICES SURVEY
AND
ASSESSOR'S RESPONSE**

SEPTEMBER 1999

CALIFORNIA STATE BOARD OF EQUALIZATION

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FOREWORD

Although the primary responsibility for local property tax assessment is a function of county government, the State Board of Equalization has a number of duties in the property tax field imposed by the State Constitution and the Legislature. One of these duties, performed by the Board's County Property Tax Division, is to conduct periodic surveys of local assessment practices and report the findings and recommendations that result from the survey. The surveys may include a sampling of assessments of the local assessment roll, and they must include research in the assessor's office to determine the adequacy of the procedures and practices employed by the assessor in the assessment of taxable property, compliance with state law and regulations, and other required duties.

The assessor was provided a draft of this report and given an opportunity to file a written response to the recommendations and other findings contained in the report. This report, together with the county assessor's response and the Board's comments regarding the response, constitute the final survey report which is distributed to the Governor, the Attorney General, both houses of the State Legislature; and the county's Board of Supervisors, Grand Jury, and Assessment Appeals Board.

Fieldwork for this survey report of the Trinity County Assessor's Office was completed by County Property Tax Division staff from July 1998 through August 1998. This report does not reflect changes implemented by the assessor after the fieldwork was completed.

The Honorable Dero Forslund, the Trinity County Assessor, and his staff gave us their complete cooperation during the assessment practices survey. We gratefully acknowledge their patience and good spirit during the interruption of their normal work routine.

Charles G. Knudsen, Principal Appraiser
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September 1999

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TRINITY COUNTY SURVEY

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INTRODUCTION

Regardless of the size of the county, the assessment of property for tax purposes is a formidable task. Proper administration of this task is vital both to government agencies in Trinity County and to taxpayers. Because the job is so important and so complex, it is necessary for an independent agency such as the Board of Equalization (BOE) to make periodic reviews of the assessor's operation. This survey report is the result of such a review of the Trinity County Assessor's Office by the BOE's County Property Tax Division (CPTD).

Subdivision (a) of section 15640 of the Government Code mandates that:

The State Board of Equalization shall make surveys in each county and city and county to determine the adequacy of the procedures and practices employed by the county assessor in the valuation of property for the purposes of taxation and in the performance generally of the duties enjoined upon him or her.

In addition, subdivision (c) provides that:

The surveys may include a sampling of assessments from the local assessment rolls. Any sampling conducted pursuant to subdivision (b) of Section 15643 shall be sufficient in size and dispersion to insure an adequate representation therein of the several classes of property throughout the county.

Government Code section 15640 subdivision (f) also provides that:

The board shall develop procedures to carry out its duties under this section after consultation with the California Assessors' Association. The board shall also provide a right to each county assessor to appeal to the board appraisals made within his or her county where differences have not been resolved before completion of a field review and shall adopt procedures to implement the appeal process.

It is apparent from this language that the Legislature envisioned the BOE's office research and appraisal sampling to be parts of a single, connected process, i.e., the evaluation of how well the county assessor is carrying out his or her sworn duty to properly assess all taxable property on the local tax roll. This evaluation is based both on office research, or in certain circumstances, office research and actual field appraisals of sampled roll items. The way in which the office research and the sampling process is carried out was developed after consultation with the county assessors by the staff of the BOE's Property Taxes Department.

This survey was conducted according to the method mandated by Government Code section 15643. Following legislative direction, our survey primarily emphasizes issues that involve revenue generation or statutory mandate.

The survey team conducted research in the assessor's office during July and August 1998. The survey team reviewed the assessor's current operations to determine whether significant problems identified in the prior survey report continue to exist or have been corrected. The team also reviewed numerous other operations that represent common challenges to California assessor's offices or that are of particular importance in Trinity County.

As directed by section 15642 of the Government Code, this report contains summaries of the volume and types of assessment work required of the Trinity County Assessor, the responsibilities devolving upon the assessor, and the extent to which assessment practices are consistent with or differ from state laws and regulations. Finally, the report focuses on problems identified by our survey team and includes recommendations and suggestions to help the assessor resolve those problems.

All counties in which an assessment practices survey has been conducted without a sampling are subject to being sampled. Section 75.60 of the Revenue and Taxation Code¹ (as amended by Chapter 1087, Statutes of 1996) mandates that the BOE will certify a county "eligible" to be subvended for administrative costs associated with the supplemental assessment program if the Board determines that both of the following conditions exist:

- (1) The average assessment level in the county or city and county is at least 95 percent of the assessment level required by statute.
- (2) The sum of all the differences between the Board's appraisals and the assessor's values (without regard as to whether the differences are underassessments or overassessments), expanded statistically over the assessor's entire roll, does not exceed 7.5 percent of the total amount of the assessment level required by statute.

The BOE can certify a county as eligible without conducting a sampling only if during the course of the survey fieldwork no significant assessment problems are discovered in the assessor's operations. "Significant assessment problems" means procedures in one or more areas of an assessor's assessment operation, which alone or in combination, have been found by the BOE to indicate a reasonable probability that either condition (1) or (2) above will not be met (Property Tax Rule 371(a)).

The survey report that follows contains several recommendations and suggestions for addressing problems we found in the Trinity County Assessor's operation. However, the problems we found

¹ All statutory references are to the Revenue and Taxation Code unless otherwise indicated.

were not “significant assessment problems” as defined above; we are confident that the average assessment level in Trinity County meets the standards required by section 75.60. Accordingly, Trinity County continues to be eligible to recover costs associated with administering supplemental assessments.

FINDINGS

EXECUTIVE SUMMARY

Fieldwork for this survey of the Trinity County Assessor's operations took place in July and August of 1998. At that time the office was staffed by the assessor² (who also serves as the county recorder and county clerk), a chief appraiser, a cadastral mapper, and an assessment technician. By California standards this is a small operation; in fact, only one assessor's office in the state (Alpine County) has a smaller staff and budget than Trinity County.

Our last survey report noted that "[c]onsidering the workload, the lack of experience of the assessor and the appraiser, and the very limited staffing, the Trinity County Assessor's Office is remarkably well run." That statement still holds true today. However conditions have changed somewhat; the staff is now experienced, but it is even more limited. Instead of having three clerks, as was the case in June of 1994, there is now only one.

Our survey found inaccurate assessment practices in the following categories of real property:

1. new construction;
2. possessory interests; and
3. mineral producing properties.

For the business property assessments, we are primarily concerned about the lack of an audit program. The assessor and his staff are aware of this deficiency and are taking steps to correct it. In addition to lack of an audit program, we noted the presence of certain technical problems associated with the assessment of business property.

Major assessment programs, such as base year values which result from new construction or change in ownership, value declines below factored base year value, and roll preparation, are given a high priority. These activities as well as the assessments of certain special use properties are very well done. These special use properties include energy generating facilities, aircraft, and computers. On the other hand, certain other activities are simply being "maintained" and are in need of updating and revision. For example, additional data should be collected and reviewed to ensure proper assessments of California Land Conservation Act properties, other rural properties, water companies, and manufactured homes.

² For purpose of this survey report, we will refer to Mr. Forslund specifically as the assessor and to his operations as the assessor's office.

We further recommend that the assessor request the board of supervisors to make technical changes to the disaster relief ordinance in order to conform it to the requirements of the Revenue and Taxation Code. We also suggest that additional measures be taken to secure the data processing activities. A formal procedures manual would be of great assistance to the staff and we urge the assessor to take steps toward drafting such a manual.

We make a number of recommendations and suggestions in this report, the most important being the addition of another appraiser or auditor-appraiser position. With the addition of another appraisal position, implementation of the majority of our recommendations and suggestions could be accomplished in a relatively easy and timely manner.

RECOMMENDATIONS AND SUGGESTIONS

This report contains both recommendations and suggestions for improvements to the operation of the Trinity County Assessor's Office. Government Code section 15645 provides that the assessor respond in writing to the formal recommendations contained in this report. Our recommendations are reserved for situations where one or more of the following conditions exist:

- Existing assessment practices do not conform to state constitutional provisions, statutes, BOE regulations, or case law are present.
- Existing assessment practices result in property escaping assessment or generation of an incorrect amount of property tax revenue.
- Existing appraisal practices do not conform to Board-adopted appraisal methodologies.

Our suggestions are considered less formal than recommendations, and the assessor is not required to make any response to suggestions. Typically, suggestions are BOE staff opinions on ways the assessor can improve efficiency, product quality, or other matters that do not call for formal recommendations.

Here is a summary of the formal recommendations and suggestions contained in this report, arrayed in the order that they appear in the text. The page is noted where each recommendation and its supporting text may be found.

RECOMMENDATIONS

RECOMMENDATION 1: Request that the board of supervisors conform the disaster relief ordinance to the requirements of the Revenue and Taxation Code.
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RECOMMENDATION 2: Notify the county auditor when mandatory interest is required.
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ADMINISTRATION

BUDGET AND WORKLOAD HISTORY

The following data are from the State Board of Equalization's A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors' Offices 1996-97, dated June 1998. This report is a compilation and analysis of data by the BOE's Policy, Planning, and Standards Division originating from an annual questionnaire which is sent to all assessors.

Trinity County Assessor's Office Budget History

1993-94	1994-95	1995-96	1996-97	1997-98
\$264,259	\$213,420	\$182,740	\$174,797	\$220,255

Trinity County Assessor's Office Budgeted Permanent Positions (including the assessor's position)

1992-93	1993-94	1994-95	1995-96	1996-97
9	9	9	4	4

Secured and Unsecured Roll Units and Net Roll Values

County	Total Roll Units for 1996-97	Total Secured Roll Units (000's)	Total Unsecured Roll Units (000's)	Total Net Roll Value (000's)
TRINITY	15,488	12,445	3,043	\$663,349

Budget per Roll Unit

County	Gross Budget for 1996-97	Budget per Roll Unit	Roll Value per Budget Dollar
TRINITY	\$187,193	\$12.09	\$3,544

Staffing

County	Assessor & Other Managers	Real Property Appraiser	Auditor Appraisers	Total Staff
TRINITY	1	1	0	4

Trinity Business Property Workload

County	Number of Boats	General Aircraft	Direct Billing	Business Property Accounts	Mandatory Audits
TRINITY	753	30	369	1,345	8

Staffing

The assessment roll in Trinity County is prepared by a four-person staff that includes the assessor, chief appraiser, draftsman, and an assessment technician. The assessor is also the county recorder and county clerk. Virtually all of the valuation work is performed by the chief appraiser; she handles both the real property and personal property valuations.

The real property workload for the 1998-99 lien date included approximately 500 changes in base year values because of transfers in ownership and 300 changes in base year value because of new construction events. The chief appraiser performed other tasks relating to the real property program including assessment reviews, assessment appeals, disaster relief, and declines in value.

In addition to the secured roll workload, the chief appraiser also processed 613 business property accounts and appraised 50 aircraft, 1,365 boats, and 1,046 possessory interests for the unsecured roll.

SUGGESTION 1: Request an additional appraisal position

In our last survey report we recommended that the auditor-appraiser position be restored; to date this has not been done. Trinity County is staffed with one chief appraiser and no auditor-appraiser.

The chief appraiser in Trinity County does an outstanding job and is to be commended. Even with the support and guidance from the assessor, and the assistance from two competent and dedicated staff members, we believe that the creation of another appraisal position is crucial.

Certain programs, such as the valuation of agricultural properties, mineral producing properties, and business properties need refinement and updating.

In addition to upgrading the assessment program, a second appraisal position would provide backup for the current single appraiser. The new person should be trained to handle both real and business property. If the chief appraiser suddenly left county employment, the valuation functions could be delayed for several months. By having another appraiser on staff, the transition would not be as potentially catastrophic.

ASSESSMENT APPEALS

The assessment appeals function is established by article XIII, section 16, of the California Constitution. Sections 1601 through 1641.1 are the statutory references that guide county boards of supervisors in the appeals function. Government Code section 15606 directs the Board of Equalization to prescribe rules and regulations to govern local boards of equalization, and the BOE has adopted Property Tax Rules 301 through 326 (Title 18, Public Revenue, California Code of Regulations) to regulate assessment appeals.

In Trinity County, the elected county board of supervisors acts as the local board of equalization for property tax appeals. Our review found little activity in the area of assessment appeals. In 1995-96, 11 appeals were filed with only two going to a hearing. The others were withdrawn, judged to be invalid, or the taxpayer failed to appear for the hearing. For 1996-97, five appeals were filed and all were withdrawn. For the 1997-98 year, one appeal has been filed and it is still pending.

When an appeal is filed, the chief appraiser reviews the assessment in detail and contacts the taxpayer. The chief appraiser explains the valuation process and the basis for the county value. This process is apparently very successful as most appeals have been withdrawn. In addition, the chief appraiser sends an information packet to each member of the board of supervisors when appeals are filed. These packets contain information regarding procedures, duties, and guidelines for appeal hearings. Our review indicated that appeals activities are handled properly by the Trinity County Assessor's Office.

TRAINING

Section 670 provides that no person may perform the duties of an appraiser for property tax purposes unless he or she holds a valid certificate issued by the BOE. Section 671 further provides that all appraisers shall complete at least 12 hours of training each fiscal year in order to retain such a certificate (those without advanced certificates need 24 hours). The current assessor has demonstrated his concern for satisfying staff training requirements by providing necessary funds, time off, and other support.

COMPUTER SYSTEM

In order to use resources efficiently and effectively, an organization must dedicate a significant amount of its resources to updating and maintaining its computer systems. Trinity County's commitment to the use of computer technology is evident. It is one of nine counties using the Crest Property Tax System (CPTS) which serves the county assessor, county auditor, and the tax collector offices and was acquired by Trinity County in 1995. The CPTS is supported by a users' group which meets monthly. During these meetings, the user counties resolve system problems and work on upgrading the system through an ongoing standardization process. The assessor and his staff have taken a leadership position at these monthly meetings and in the development and implementation of the revised CPTS scheduled for delivery sometime before December 1998. Trinity County will be the first county to acquire the revised system.

We commend the assessor on his enthusiastic use of computer technology as an aid in the performance of his assessment duties and believe the following suggestions will improve the program.

SUGGESTION 2: Enhance the computer system by (1) developing a formal disaster recovery plan and (2) storing backup data at a remote location.

Disaster Recovery Plan

While computers allow the assessor's staff to reduce time-consuming manual functions, loss of the computer system for even a short period of time could prove costly. The assessor's office conducts a weekly backup of data. However, this backup is stored on-site next to the computer equipment and there is no formal disaster recovery plan.

We suggest that the assessor develop a formal disaster recovery plan. A copy of the plan should be located off-site and contain the specific procedures to be undertaken for system recovery. This will ensure that the assessor's office has the capability to recover quickly from a catastrophic event should one occur. The ability to quickly restore functionality of the computer system is critical in any organization, especially one that relies heavily on technology.

Backup Data

The assessor performs a full system backup of data on a weekly basis. However, there is no provision to store this information at a secure off-site location. Currently, tapes containing backup data are stored on-site in the basement next to the computer equipment. It is our opinion that past instances of flooding in the basement make this a risky practice.

We suggest the assessor take immediate steps to store the backup data at a secure off-site location, thus protecting vital information in the event of a catastrophic event.

The existing computer system is a valuable tool in allowing the assessor's office to maintain their workload and run a quality program. The addition of a formal disaster recovery plan, provisions for storing the backup data at a secure off-site location and the upcoming implementation of the new CPTS will further enhance the program.

DISASTER RELIEF

When property is damaged by misfortune or calamity, the assessor's staff calculates and processes value reductions in accordance with section 170. Section 170 authorizes a county board of supervisors to adopt an ordinance allowing an assessor to make these reductions. The ordinance in effect in Trinity County was originally adopted in August 1977 under the provisions of the former section 155.13.

RECOMMENDATION 1: Request that the board of supervisors conform the disaster relief ordinance to the requirements of the Revenue and Taxation Code.

Sections 155.13 and 155.14 were repealed and replaced by section 170 in 1979. Since its adoption, section 170 has been amended several times. One major change is the manner in which values are enrolled upon the completion of repairs or restoration of the property. Formerly, except under certain conditions, enrollment of restored values was a lien date adjustment. Currently, section 170 requires that the restored value must be enrolled as of the date restoration is complete. Section 170 allows the assessor to enroll the restored values in a manner similar to the supplemental assessment procedures.

In the light of these statutory changes, we recommend that the assessor request the board of supervisors to revise the disaster relief ordinance to incorporate the current language of section 170.

PENAL ASSESSMENTS

Our previous survey included two recommendations regarding penal assessments. We recommended that the assessor apply the 10 percent penalty for late filing of property statements. We found that the assessor is now properly applying the 10 percent late filing penalty. We commend the assessor for this change. We also recommended that the assessor include mandatory interest. The assessor has not made this change.

RECOMMENDATION 2: *Notify the county auditor when mandatory interest is required.*

Section 506 interest is not always applied as required. Since it is the responsibility of the county auditor to apply the section 506 interest, we recommend that the assessor notify the county auditor when the section 506 interest is required.

PROCEDURES MANUAL

The assessor has a small but effective staff of three. The staff is well trained, knowledgeable, professional, and apparently work well together. They are able to function well with a minimum of written guidelines. However, if a new staff member were added, there are no written procedures to augment training.

SUGGESTION 3: *Prepare an outline of an operations manual.*

The operation of even a small assessor's office is no longer a simple matter. An ever-growing number of laws and rules must be observed, budget requests must be prepared, and the public must be served in a professional manner. Preparation of an outline for a procedures manual will be a good starting point for more comprehensive guidelines.

To perform work in a consistent manner and to keep staff abreast of the rapid changes occurring in assessment administration in California today, a written procedures manual is almost a necessity. The scope and complexity of such a manual can be closely related to the number and types of assessments in a county. As well as outlining basic valuation procedures and practices, the contents can include written job descriptions and specifications, a calendar for the filing of various forms and exemptions, filing dates, and public information policies.

We suggest that the assessor at least develop an outline for a procedure manual. Rather than start from scratch, we further suggest that the assessor check with assessors in other counties for suitable examples.

REAL PROPERTY ASSESSMENT PROGRAM

INTRODUCTION

The assessor's program for assessing real property includes: (1) the revaluation of those properties that have changed ownership; (2) the valuation of new construction; (3) the annual revaluation of certain properties subject to special assessment procedures, such as land subject to California Land Conservation Act contracts and taxable government-owned land; and (4) the lien date valuation of property that has experienced a decline in value.

In Trinity County the real property program is essentially a one-person operation. The chief appraiser performs all the valuation duties and in fact administers the program under the direction of the assessor. Our review indicates that the four major elements listed above are the priority items in Trinity County, and rightly so. Given the limited resources, a commendable job is being done.

With priorities focused on the major program elements and with limited resources, it is inevitable that some portions of the program will suffer. Certain programs are just being maintained from year to year without thorough reviews or updates. We believe that the single most important thing that can be done to improve the program is to obtain an additional appraiser. An additional appraiser could fill in the gaps and serve as a backup to the chief appraiser.

Article XIII A of the California Constitution provides that the taxable value of real property shall not exceed its 1975 full cash value factored at no more than 2 percent per year for inflation unless there is a change in ownership or new construction. The 1975 full cash value and values that result from a change in ownership or new construction are known as base year values.

CHANGE IN OWNERSHIP

Change in ownership is defined in section 60 as a transfer of a present interest in real property, including the beneficial use thereof, the value of which is substantially equal to the value of the fee interest.

Our staff reviewed the assessor's change in ownership program, including the processing of recorded deeds and tracking of change in ownership statements, partial interest transfers, legal entity ownership transfers, and implementation of sections 63.1 and 69.5. The following is a discussion of these activities.

Processing Recorded Deeds

The assessor and recorder functions in Trinity County were combined under a single department head in 1994. This arrangement makes for more efficient processing of the recorded deeds that trigger reassessment. We found that the deed processing, appraisal, and record keeping procedures are done in an effective and efficient manner.

Change in Ownership Statements

Both the assessor and recorder make blank preliminary change in ownership reports (PCOR's) available to the public. We found the recorder's staff to be very diligent in their efforts to obtain a completed and signed PCOR at the time of recording. When a completed PCOR is not filed at the time a deed is recorded, a change in ownership statement (COS) is mailed to the transferee.

During the 1997-98 tax year, there were just over 500 recorded deeds recorded that triggered a reappraisal. PCOR's were filed for the vast majority of the transactions at the time of recording. The return rate for PCOR's is excellent (approaching 98 percent).

Legal Entity Ownership Program

Section 64(c) provides that a change of control of any legal entity is a change in ownership for the real property owned by the entity as of the date of the change of control. Consequently, that real property is subject to reappraisal. Since 1981, the BOE has periodically informed county assessors of changes of control of legal entities that own real property in California. The BOE learns of these unrecorded changes in ownership from responses by taxpayers to questions appearing on corporate and partnership tax returns filed with the Franchise Tax Board (FTB).

July 1992 is the most recent notification from the BOE's LEOP unit of a change in ownership event in Trinity County. While legal entity changes in Trinity County are not a common occurrence, they can often result in substantial reappraisal amounts. Our staff reviewed the most recent notification and found no problems. The chief appraiser is familiar with our program, receives the monthly "Notice of Findings" report, and processes changes in control when they occur.

NEW CONSTRUCTION

Section 70 defines "newly constructed" as any addition to real property, whether land or improvements (including fixtures), since the last lien date and any alteration of land or any improvement (including fixtures), since the lien date, that constitutes a major rehabilitation thereof or that converts the property to a different use. When real property undergoes new construction, section 71 requires the assessor to determine the added value of those improvements upon completion. This value is established as the base year value for those specific improvements and is added to the property's existing base year value. When new construction includes the removal of existing improvements, the value attributable to those existing improvements is deducted from the property's base year value.

Building permits are the main source the assessor has for discovering assessable new construction. The collection, screening, and tracking of permits is granted a high priority in the assessor's office. There are three agencies that issue building permits in Trinity County: the Department of Housing and Community Development (HCD, State of California), the County Health Department, and the Trinity County Building Department. The Department of Housing and Community Development issues permits for new construction in manufactured home parks.

The County Health Department issues permits for wells and septic systems. And, since Trinity County does not have any city governments, the county building department issues all other building permits.

In excess of 400 building permits were processed through the assessor's office in the 1997-98 tax year. Approximately 300 of those permits resulted in assessable new construction. We selected a random sampling of building permits and reviewed the method in which they were processed. For the most part, the procedures are satisfactory. We found no instances where qualifying new construction, that had a building permit, escaped assessment. We also found that the value estimates being placed upon new construction are reasonable. While we consider the overall program for assessing newly constructed property to be quite effective, we did note a couple of problem areas.

We discovered that low-value, newly constructed items such as wells, septic systems, and wood stoves are not issued supplemental assessments. While there is a low-value resolution in place in Trinity County, it does not allow the assessor to exempt low-value items on the supplemental roll. This problem is discussed later in this report under the section covering supplemental assessments.

The assessor's staff has a good program for assessing new construction that is accompanied by a building permit; however, staffing limitations severely limit field work. Without field reviews, new construction undertaken without a permit can go undetected. If the assessor is able to fill another appraisal position, field reviews can be increased and escaped new construction discovered.

DECLINES IN VALUE

Section 51 requires that on each lien date the assessor shall enroll the lesser of either the base year value, compounded annually by an inflation factor, or the property's current market value.

The chief appraiser relies upon taxpayer complaints to discover market values that are less than factored base year values. When a review is requested for a particular property, the appraiser will also review the assessments of surrounding properties. All properties with a taxable value that is less than the factored base year value are placed in a red folder, and properties are easily identified because of the open shelf filing system used by the assessor.

When a property has a taxable value that is less than the factored base year value, the assessor is required to annually review the assessment to ensure that the lower of market value or factored base year value is enrolled. All such properties in Trinity County are reviewed annually. In our previous survey we found that many values other than factored base year values were adjusted by the inflation factor. We are pleased to report that the assessor has discontinued that practice.

For the 1998-99 roll, all 83 properties with a market value less than factored base year value were thoroughly reviewed and the results well documented. The assessor has a good program for assessing properties with market values less than factored base year values.

SUPPLEMENTAL ASSESSMENTS

Our staff reviewed a number of supplemental assessments and found that notices were sent out timely and supplemental amounts were correctly prorated.

RECOMMENDATION 3: Process and enroll supplemental assessments for all new construction.

Section 75.55 (b) allows the board of supervisors to enact an ordinance permitting the assessor to cancel a supplemental assessment if the potential taxes are less than the cost of assessing and collecting the taxes. No such ordinance has been adopted by the Trinity County Board of Supervisors.

We found that the assessor does not supplementally assess certain low value new construction items. However, these items are assessed on the regular roll. Wells, septic systems, and wood stoves are examples of newly constructed items that are not assessed on the supplemental roll. The assessor has no authority to exempt low-value new construction from assessment on the supplemental roll. We recommend that the assessor enroll all supplemental assessments.

SPECIAL REAL PROPERTY TYPES

RURAL PROPERTIES

The Trinity County Department of Agriculture estimates that there are 46,100 acres in Trinity County devoted to pasture, hay, and grazing uses. A small amount (unspecified acreage) of fruit, honey, and vegetable production is also reported. Of the total agricultural acreage, about 19,500 acres are restricted by CLCA contracts and used for grazing and hay production. Except for cattle production, agriculture is not a major industry in Trinity County.

SUGGESTION 4: Update rural property assessment records.

We found that many of the assessment files contain outdated and nonessential material. We also found records that need to be updated. For example, one property has been split into six parcels with four different owners. In some of the derivative records only the estimated carrying capacity is indicated. The carrying capacity was allocated from the original parcel, but the record lacks detail and documentation.

Each record should contain all the details and documentation of the property or should clearly reference a master file that contains the appropriate documentation. The records should be reviewed for accuracy. Carrying capacity estimates should be reconfirmed and computations checked for errors.

CALIFORNIA LAND CONSERVATION ACT PROPERTIES

Assessments of property restricted by a California Land Conservation Act (CLCA) contract are a relatively minor part of the assessment program in Trinity County. Trinity County has 116 parcels with 19,500 acres restricted under CLCA contract. Most of the land under contract is rated non-prime and used for grazing.

The CLCA program in Trinity County can best be described as being “maintained.” A very solid basis for the program was established years back. Thorough reviews of properties were made along with fairly comprehensive estimates of carrying capacity in animal unit months (AUMs). Since the budget was cut and the assessor’s staff reduced, little priority has been afforded this program. The assessor annually determines a new restricted value based solely on the change in the mandated yield rate.

In our previous survey we made a recommendation to revise the California Land Conservation Act valuation program by conducting a periodic rental and expense survey and properly valuing homesites. At that time, we found that the assessor placed a non-restricted value on a vacant homesite on land under contract. This practice has been changed. The chief appraiser informs us that when a CLCA property is reassessed, any vacant homesites will be given proper CLCA treatment.

The other part of the recommendation involves sending questionnaires to CLCA participants to discover compatible use. Since this has still not been changed, we repeat that portion of the recommendation but as a suggestion.

SUGGESTION 5: Improve the CLCA program by conducting periodic surveys for compatible use.

When income is generated by a compatible use that is attributable to the land, it must be capitalized in the same manner as the income generated from the agricultural enterprises. Questionnaires from the assessor are one of the best tools to use in discovering compatible use.

The assessor's staff has not collected agricultural rental and expense data in the county since 1985; instead the assessor relies upon cash rental data supplied by neighboring counties. Most properties in Trinity County are owner-operated and cash or share rents are not available.

Even though cash rental data may not be available for agricultural properties in Trinity County, we suggest sending the questionnaires. These questionnaires can be used to discover compatible uses, confirm carrying capacity estimates, assist in discovering new construction, document changes in land use, and establish owner-operator income estimates.

We reviewed the questionnaire previously used by Trinity County and it appears comprehensive. The chief appraiser indicated some dissatisfaction with the old form so we provided her with examples used by other counties and the BOE.

In our prior report, we recommended that the assessor segregate the county into areas of common use and canvass one area a year with a questionnaire to obtain rental, expense, and compatible use information. This will reduce overall expenses and allow the assessor to completely survey the county regularly.

POSSESSORY INTERESTS

A taxable possessory interest (PI) is the right to a private beneficial use of publicly owned real property. In our 1995 assessment practices survey report, we mentioned four areas that needed attention, two of which are the topic of the following recommendation.

RECOMMENDATION 4: *Improve the possessory interest assessment program by (1) assessing all taxable possessory interests, and (2) reappraising the PI only upon a change in ownership.*

Taxable Possessory Interests

We found that the assessor is not assessing all taxable possessory interests. Those not assessed include: (a) cable television rights-of-way, (b) county fairgrounds uses, and (c) certain permittees' rights to use the United States Forest Service (USFS) lands.

In our last survey, we found that the assessor was not assessing the taxable possessory interest of the cable television company. While the assessor is now assessing the right to use the tax exempt land upon which the structures are located, the right to locate the distribution system is still not being assessed. The buildings and fixed equipment are assessed, but the company's right to locate its distribution system over, under, and upon public streets and rights-of-way are not assessed.

Other PI's we believe the assessor is not assessing are PI's at the county fairground. Our review of the assessor's PI assessment records failed to disclose any assessment for rights to use the fairgrounds. There are at least two events at the fairgrounds that might generate assessable possessory interests: the annual county fair and an event known as the Trinity Tribal Stomp.

We reviewed a list of special use permittees for property located in the Shasta/Trinity National Forest within Trinity County. Some uses that appear to be taxable possessory interests do not appear on the assessment roll. For example, a hydroelectric plant expense statement listed rental amounts to the United States Forest Service (USFS) as part of their operating expenses. The company's name also appears on the USFS list of permittees. These are strong indications that a taxable possessory interest exists. Another hydroelectric plant appears on the USFS permittees list. Neither plant has a possessory interest assessed.

We noted many uses on the USFS list of permittees that appear to be taxable possessory interests. These uses include houseboat slips, guide services, road permits, recreation events, sign sites, cabin sites, and water transmission rights-of-way. Many of these uses do not appear to be assessed.

The assessor should request detailed data from the USFS. The assessor should request his county counsel make a written demand for the requested information. We recommend that the assessor review all uses in the National Forest in Trinity County and assess those uses which are taxable PI's.

Change in Ownership

The techniques for assessing possessory interests have improved since our last survey report of Trinity County. However, we found that the assessor is annually reappraising possessory interests with month-to-month or annual contract terms while using a longer term of possession in the valuation process. In one case, the assessor assigned a 10-year term of possession in the initial assessment, then annually reappraised the PI. In another he used an estimated 30-year term of possession in the initial assessment, but reappraised it each year.

Annual reappraisal of month-to-month or annual contracts was the correct procedure through 1996. Since 1997, section 61(b)(2) provides that any “renewal” or “extension” of a possessory interest during the reasonably anticipated term of possession used by the assessor to value that PI does not cause a change in ownership until the end of the reasonably anticipated term of possession used by the assessor to value that PI. Therefore, the assessor should not reappraise these PI’s each year for a change in ownership. An initial appraisal for the change in ownership using a reasonably anticipated term of possession (including renewals) should be made, then a reappraisal at the end of that term, if warranted.

WATER COMPANY PROPERTY

Water company properties assessed on local tax rolls may be government systems on taxable government-owned land, private water companies either regulated or unregulated by the California Public Utilities Commission (CPUC), or mutual water associations. Each type presents different appraisal problems.

In our previous assessment practices survey report, we included two recommendations concerning the assessment of water companies which the assessor has implemented. The assessor now receives and reviews the list of public water companies regulated by the state’s Department of Health Services (DHS). Also, he has reviewed water system properties owned by government agencies to determine if they are located outside the agency’s boundaries. While these steps are to be commended, there is still room for additional improvements.

SUGGESTION 6: Obtain a copy of the private water companies’ annual CPUC reports and require them to file annual business property statements.

There are four private water companies in Trinity County that are regulated by the CPUC. In the assessor’s files there was no evidence of either an annual business property statement (form AH 571L) or a current copy of the company’s annual CPUC report. Without these the assessor has no way of knowing if there were changes to plant or equipment in the preceding year.

The annual business property statement requests information on any changes to equipment and is backed up with enforceable penalty provisions. Those companies regulated by the CPUC are required to annually file a report with that agency. The CPUC report details changes that occurred during the previous calendar year in balance sheets, fixed assets in service, accrued

depreciation, annual income statements, and descriptions of all fixed assets in service. Such reports contain the data necessary for developing value indicators for a private water company, such as capitalized income and historical cost less depreciation.

We recommend that available CPUC reports and annual business property statements be acquired for all private water companies.

TIMBERLAND PRODUCTION ZONE PROPERTY

Section 435(a) requires that land zoned Timber Production Zone and not subject to a CLCA contract (timberlands) be assessed at their respective site class values plus the value of existing, compatible, nonexclusive uses of the land. Assessors are required to rate the productivity of the timberland based upon its ability to produce wood growth on trees. The grading system denotes areas of potential productivity within five site classes. Site I denotes areas of highest productivity, while Site V denotes areas of lowest productivity.

As of lien date 1998, there were 769 parcels zoned TPZ in Trinity County, totaling just under 256,000 acres. The total assessed value of these timberlands are \$23,674,000. Over the years, the assessor's staff has established acceptable site classes for the timberland properties. Since site classes seldom change, the assessment program consists primarily of updating the values assigned to the five site classes. This is a computer-assisted process in Trinity County, and the assessor annually assigns the proper value to the various sites.

The one comment we have relates to compatible uses. We urge the assessor make an effort to update the information regarding compatible uses on timberland. This could be done by a questionnaire or other means of contact with the owners of timberlands.

MINERAL PROPERTIES

RECOMMENDATION 5: Assess the mineral rights of quarrying operations.

Except for the unpatented mining claims discussed in the possessory interest section of this report, there are no separate assessments for mineral rights in Trinity County. We reviewed three active aggregate properties and none has a mineral right assessment.

It is apparent that mineral producing property is not a large part of Trinity County's tax base. Nevertheless, these operating aggregate operations should be reviewed and any mineral rights assessed. We recommend that the assessor collect and process income and expense data for these properties, along with mineral right data (e.g. additions or deletions of reserves).

ENERGY GENERATING PROPERTY

Trinity County has several hydroelectric county-assessed generating facilities within its boundaries. These are complex properties to appraise because their value usually declines, they must be revalued each year. The owners have entered into a regulatory contract with the utility company to buy power. The presence of these contracts add to the complexity of the valuation process.

We are favorably impressed with the way these properties are assessed in Trinity County. Annually, the assessor receives property statements including income and expense statements from the owners and summaries of energy purchased by the utility company. This information is processed into a total capitalized income value indicator. Once the total value is estimated, the values for various components are allocated. The capitalization rates, income data, allowable expense data, and projections appear reasonable.

At the time we were conducting our fieldwork, the assessor contracted with the San Bernardino County Assessor's Office to audit one of the larger hydroelectric facilities. The only significant problem we noted was that a land rental payment to the U.S. Forest Service was not investigated. A land rent payable to the Forest Service is a very good indicator that a taxable possessory interest exists. Our review confirmed that no possessory interest is assessed for this property; this deficiency is discussed in the section in this report dealing with possessory interests.

Overall, we found the assessor is doing a very good job in assessing these complex hydroelectric facilities.

Personal Property Assessment Program

AUDIT PROGRAM

In any assessor's office the audit program is the single most important thing the assessor can do to improve taxpayer reporting on business property statements. For those accounts falling into the mandatory audit threshold, that is, \$300,000 or more for four consecutive years, the routine mandatory audit will frequently uncover reporting errors. For taxpayers with accounts less than \$300,000, an audit program will minimize reporting errors.

A good assessment program is built on the premise of accurate reporting by all taxpayers, regardless of business type or size. Auditing taxable property at all value levels promotes compliance because it ensures that regardless of size, the taxpayer will be held accountable for inaccurate reporting. When the property statement is submitted to the assessor, the taxpayer signs an affidavit, under penalty of perjury, that the report is true, correct, and accurate. Auditing provides a very effective check on this affidavit.

In Trinity County, previous surveys noted that the lack of an auditor-appraiser on staff had resulted in several problem areas in the personal property assessment program. We predicted that many of those areas needing improvement would remain problem areas until the assessor hired an auditor-appraiser. Our current survey has revealed that prediction to be accurate.

RECOMMENDATION 6: *Revise the audit program by (1) timely auditing all mandatory accounts, (2) developing a nonmandatory audit program, and (3) obtaining written waivers of the statute of limitations whenever a mandatory audit cannot be completed in a timely manner.*

Mandatory Accounts

Section 469 requires an audit of the books and records of businesses when locally assessable trade fixtures and tangible business personal property have a full value of \$300,000 or more. BOE Rule 192 clarifies the audit interval by requiring that the minimum value to be reached in four consecutive years.

The mandatory audits are not being completed on a timely basis. By not auditing the mandatory accounts every four years, the assessor has failed to comply with section 469.

We attribute this problem to a shortage of appraisal staff in the assessor's office. While it is to the current staff's credit that they are able to keep the personal property assessment program functioning at any level, the need for an additional appraiser is evident. In past years, mandatory audits were performed by either a contract auditor or an auditor-appraiser assigned through the California Counties Cooperative Audit Services Exchange (CCCASE). For the past several years, this arrangement has proven to be less than effective because of the difficulty in recruiting outside auditors to perform the audits, thus many mandatory audits were not completed.

We strongly recommend the assessor audit all mandatory audits on a timely basis.

Nonmandatory Audit Program

In previous surveys we recommended that the assessor develop a nonmandatory audit program. This recommendation has not been implemented. This is not surprising given that the one property appraiser on staff has neither the time nor the training to perform audits.

There is no legal requirement to audit smaller businesses; however, no auditing program is complete unless it includes a representative sampling of all sizes and types of accounts. Audits, or the possibility of an audit, promote good reporting by taxpayers, so every class of account should be targeted for audit coverage. Accounts which are known to be particularly troublesome should be flagged as priorities for audit.

Without an auditor-appraiser on staff, it may be difficult to implement this portion of the recommendation. However, a certified auditor-appraiser is not needed to perform the non-mandatory audits. If staff time permits the appraiser can perform the nonmandatory audits.

Waivers of the Statute of Limitations

Section 532 provides for a four-year statute of limitations for enrolling escape assessments. In addition, section 532.1 provides for extending the four-year statute of limitations with a written waiver executed by the assessor and the property owner. Any waiver must be completed before the expiration period and must be in writing. A properly executed waiver extends the time for making an escaped assessment, correction, or claim for refund for a particular roll year. The waiver may be extended by subsequent agreements in writing before the expiration of the period previously agreed upon.

In Trinity County waivers of the statute of limitations have not been obtained in all instances where needed to prevent the expiration of the statute of limitation. Currently, all eight mandatory audits are overdue and waivers have not been obtained, so any escapes or refunds applicable to the overdue years cannot be processed. Given the inability of the assessor to conduct mandatory audits, it is extremely important that waivers be obtained so that no additional audit years will be lost if the mandatory audit program is brought to a current status. We recommend that the assessor seek waivers of the statute of limitations in all situations where mandatory audits will not be completed timely.

DISCOVERY

Timely discovery of taxable property is one of the basic functions of any assessor. It is a never-ending process made difficult by the rapid turnover of many small businesses, changes in ownership, situs changes, etc. It is a formidable task to maintain accurate, current listings of assessable business properties. It is imperative that an efficient and effective discovery program be in place. Common methods of discovery are field canvassing, telephone directories, businesses licenses, newspapers, referrals from other counties, and sales tax permit cards.

We selected several businesses, through telephone listings and a field canvass of marinas, airports, and other businesses in the county, cross checked them against the assessor's roll, and found only one business not being assessed. Despite its limited resources, Trinity County has an adequate discovery program.

ESTIMATED ASSESSMENTS

In every county there are a number of business property assesseees who fail to file the business property statement as required. Some of these are assesseees that normally file but occasionally miss a year. On the other hand, many of them are habitual nonfilers.

Section 501 requires the assessor to estimate the value of business property belonging to anyone who does not comply with the reporting requirements. If a property statement was received for the previous year, it is usually reasonable to use this as a basis for estimating the current year's value. However, when estimates continue for several years without any new information, the values become increasingly susceptible to error.

SUGGESTION 7: Audit or visit taxpayers who fail to file business property statements for three or more consecutive years.

During our review of business property files, we found several accounts in which the assessor's staff had made estimated assessments for four or more consecutive years without contacting the assessee. This practice can lead to very inaccurate assessments if applied for a number of years.

Lack of staff combined with catastrophic events in recent years has made it increasingly difficult for the assessor to perform more than the cursory duties of the personal property assessment program. Nevertheless, priority should still be given to effective assessment policies. Estimated assessments based on prior years reporting should be limited to three consecutive roll years. We suggest that after this length of time, the assessor audit these accounts or at least visit the business to view the assets. If this is done at least once every four years, then necessary tax changes will not be lost because of the expiration of the statute of limitations.

EQUIPMENT INDEX FACTORS

Taxable values of equipment are typically derived by applying combined valuation factors to historical costs. The combined valuation factors are the product of the price index factors and percent good factors. The proper choice and application of these price and percent good indices produces the best estimate of taxable value.

The BOE annually publishes Assessors' Handbook Section 581 (AH 581) to help assessors in the valuation of business property and trade fixtures. The information in the AH 581 is based on a logical premise and follows accepted appraisal practices.

RECOMMENDATION 7: Use Assessors' Handbook Section 581 as intended.

The assessor uses the suggested price index and percent good factors from Assessors' Handbook Section 581 (AH 581) to appraise machinery and equipment, but not in the manner intended. Table 1, *Commercial Equipment Index Factors*, contains schedules for 12 classes of commercial establishments or types of equipment. The assessor uses index factors from only one of these classes and considers that class to be representative of all commercial equipment.

Table 2, *Industrial Machinery and Equipment Index Factors*, contains schedules for six groups of industrial equipment. As with Table 1, the assessor uses index factors from only one of these groups. In addition, instead of using the 1998 factors for the 1998-99 roll, the assessor used the January 1997 equipment index and percent good factors to value agricultural and construction equipment.

We recommend that the assessor's staff use the appropriate individual equipment index factor for each type of business property being valued.

BUSINESS PROPERTY STATEMENTS

Most business property assessments are based upon data submitted by taxpayers on the annual property statements. The more accurate the data on the statements, the more accurate the assessment roll.

Property Tax Rule 172 requires that for statements signed by an agent or employee other than a member of the bar, a certified public accountant, a public accountant, or a duly appointed fiduciary, the assessee's written authorization for the agent or employee to sign the statement on behalf of the assessee must be filed with the assessor. In addition, Property Tax Rule 172(d) prohibits the assessor from knowingly accepting any signed property statement that is not executed in accordance with the requirements of this section.

By requiring such written authorization to be filed, an assessor will ensure that the property statement was the taxpayer's official rendition.

RECOMMENDATION 8: Screen signatures on property statements more closely to ensure validity in accordance with Property Tax Rule 172.

Of the property statements we reviewed, we found several signed by other than a qualified or authorized person. Of these, none had the assessee's written authorization on file. While these persons signing the form may be "duly appointed fiduciaries" within the meaning of Property Tax Rule 172, unless the assessor has express written authorization on file, he can not be certain of this.

We recommend the assessor require his staff to screen the business property statements more closely for proper signatures and return those that do not conform to legal requirements.

DIRECT BILLING

Many California assessors utilize an assessment procedure called “direct billing” or “direct assessment.” It is a method of assessing certain low-valued business accounts without requiring an annual filing of a business property statement. An initial value is established and continued for several years, with property statement filings or field reviews required periodically. Examples of businesses suitable for direct billing include apartments, barber shops, beauty parlors, coin-operated laundrettes, small cafes and restaurants, and professional firms with small equipment holdings.

The direct billing assessment procedure is beneficial to the taxpayer and the assessor. Many small businesses do not have accounting records suitable for the preparation of accurate business property statements every year. Direct billing streamlines filing requirements by reducing the amount of paperwork for small businesses. This results in a reduction in the number of property statements that must be processed by the assessor’s staff, culminating in the availability of more time for other assessment functions.

The assessor recently implemented a direct billing program that applies only to accounts with total assets of less than \$30,000. Accounts in this program are required to file a business property statement once every four years. Accounts with a history of non-filing are placed into direct billing and business property statements are required to be filed once every three years.

We commend the assessor for attempting to streamline the annual appraisal process; however, we have a suggestion for improving this program.

SUGGESTION 8: *Revise the direct billing program by (1) limiting enrollment to taxpayers who timely file their business property statement and (2) requiring a business property statement be filed at least once in four years.*

Timely Filing

The assessor’s direct billing program streamlines the annual appraisal process. However, to be effective, only those low value accounts where taxpayers historically file their property statements timely should be included in the program. Non-filers should never be placed in the direct billing program; these accounts should be scheduled for audit. By including non-filing accounts in the program, the assessor is rewarding those who do not file a property statement.

Four Years

The assessor should also require that business property statements be filed not less than once every four years. By requiring inspections or statements once every four years, the assessor would protect his right to levy escape assessments within the statute of limitations for four roll years. Yet the infrequency of review would minimize demands on staff time and the attendant disruption of the annual appraisal cycle.

SPECIAL PERSONAL PROPERTY TYPES

LEASEHOLD IMPROVEMENTS

For property tax purposes, the terms leasehold improvement and tenant improvement are used synonymously as all improvements or additions to leased property that have been made by the lessee. These may include structure items as well as fixtures paid for by the lessee.

We noted in our previous survey report that supplemental assessments for leasehold improvements were not issued when tenant structural improvements were unsecured and assessed on the tenant's business account. We are pleased to report that the assessor's staff has corrected this problem and tenant improvements are now being correctly assessed.

VESSEL VALUATION

Trinity County assesses 1,365 boats with a total assessed value on the 1998-99 tax roll of \$5,598,109. The primary sources of boat discovery are Department of Motor Vehicles (DMV) reports, harbor master reports, referrals from other counties, and Forest Service leasing reports.

RECOMMENDATION 9: *Revise boat appraisal procedures by annually appraising boats at market value.*

In 1994, the assessor valued all boats at their estimated market value using the BUC appraisal guides and other indicators. These boat values remained unchanged for the 1995 and 1996 lien dates. For the 1997 lien date, all boat values were depreciated by 10 percent across the board.

The administrative convenience of dropping the boat values by a fixed percentage or leaving them unchanged results in boat values that may not reflect market value. Although staff limitations preclude reappraising each vessel on an annual basis, we recommend the assessor develop a market value method for reviewing vessel assessments.

AIRCRAFT

Section 5363 requires the assessor to value aircraft according to BOE-set standards and guides. Section 5564 requires the BOE to establish such standards and guides. Prior to 1997, BOE published Assessors' Handbook Section 587 as a guide, but in a Letter to County Assessors (LTA 97/03) dated January 31, 1997, assessors were notified that the BOE was discontinuing the publication of this handbook section. Instead, the BOE directed assessors to use the *Aircraft Bluebook Price Digest* as the "primary guide" for valuing general aircraft, with the *Vref Aircraft Value Reference* as an alternate for planes not listed in the *Price Digest*.

In this LTA, the BOE further directed that the listed retail values be reduced by 10 percent to provide reasonable estimates of fair market value for aircraft in truly average condition on the lien date. The letter provides that the retail values should be adjusted for overall condition of the

aircraft, equipment installed, hours since major overhaul, and airframe hours. In addition, the assessors should make any other adjustments that are necessary to achieve fair market value assessments of aircraft.

The assessor assessed 50 aircraft for the 1998 lien date with a total value of \$1,434,016. Less than 10 historical aircraft are included in these totals. Sources of discovery include airport manager reports, Federal Aviation Administration data, and referrals from other counties.

We found that the staff use the *Aircraft Bluebook Price Digest* as the mandatory starting point in the assessment of general or private aircraft with the 10 percent reduction “for aircraft in truly average condition” as directed by Letter to Assessors 97/03. Staff then make adjustments to aircraft values for condition, engine hours, extra equipment, etc. Aircraft owners are required to file an annual aircraft owner’s report, and a 10 percent penalty is applied for failure to file or late filing of these reports.

We found that the Trinity County aircraft assessment program is an efficient operation. We commend the assessor and his staff for their highly competent aircraft assessment procedures.

COMPUTERS

In the past, the valuation of computers and related equipment (herein referred to as computers) has been a contested issue between taxpayers and assessors. In its continuing effort to maintain proper, equitable, and uniform property tax assessment, the BOE, in Letter to Assessors (LTA) 97/18, dated April 2, 1997, recommended valuation factors for assessors to use when valuing non-production computers for the 1998 lien date.

The current tables for small computers and mainframe computer systems represent a recalculation of the depreciation curves that were used to calculate those categories for the 1996 lien date. The table for mid-range computers represents a new curve based on all data accumulated to date. The BOE reviewed data accumulated by the California Assessors’ Association and representatives of the computer industry and authorized the publication of the computer valuation tables for the 1998 lien date.

The assessor’s staff stated that they follow BOE guidelines concerning the valuation of computers. A review of the records showed that for the 1998 lien date, the assessor correctly valued computers using the Board-recommended factors as contained in LTA 97/18. We commend the assessor and his staff for their effective, efficient, and equitable assessment of non-production computers.

MANUFACTURED HOUSING

Certain manufactured homes have been taxable on local county tax rolls since July 1, 1980. A manufactured home can be subject to local property taxation either because it was first sold new

on or after July 1, 1980, or because the owner voluntarily requested conversion from vehicle license fee to local property taxation. The statutes prescribing how manufactured homes must be assessed are sections 5800 through 5842.

There are between 650 to 700 manufactured homes in Trinity County. Manufactured homes are properly classified as personal property on the secured assessment roll.

SUGGESTION 9: Review manufactured home assessments annually.

Section 5813 requires that the taxable value of a manufactured home shall be the lesser of its base year value, compounded by the annual inflation factor, or its current market value as determined pursuant to section 110. The manufactured homes in Trinity County are not annually reviewed to determine which value is lower. The assessor's practice is to establish a base year value for manufactured homes and continue to use that value as the taxable value unless an event occurs that requires a property review. Even during periods of economic stability, the market values of many manufactured homes decline below their factored base year values. We recommend that the assessor annually review manufactured home assessments and enroll the lower of market value or the factored base year value.

An annual review of manufactured home assessments can be a time consuming process; due to time and staff constraints such a review is not a priority with the assessor. Many assessor's offices have developed a computer-based program to aid in the annual review of manufactured home assessments. The assessor should contact the other offices to see if he could obtain such a program.

ASSESSOR'S RESPONSE TO BOARD'S FINDINGS

Section 15645 of the Government Code provides that the assessor may file with the Board a response to the findings and recommendation in the survey report. The Trinity County Assessor's response begins on the next page. The Board has no comments on the response.



TRINITY COUNTY
ASSESSOR / CLERK / RECORDER
DERO FORSLUND

P. O. BOX 1255
WEAVERVILLE CA 96093-1255
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July 19, 1999

Charles G. Knudsen, Principal Appraiser
County Property Tax Division
Department of Property Taxes
California State Board of Equalization
P. O. Box 942879
Sacramento CA 94279-0001

Dear Mr. Knudsen,

Pursuant to Section 15645 of the California Government Code, enclosed is the Trinity County Assessor's response to the recommendations contained in the Trinity County Assessment Practices Survey of the 1997-98 assessment roll. Please include our response in your final Assessment Practices Survey Report.

I wish to thank the survey team for their professional and cordial manner in which the survey was conducted.

Respectfully submitted,

Dero B. Forslund,
Trinity County
Assessor / Clerk / Recorder

Enclosure
DBF:db

TRINITY COUNTY ASSESSOR'S RESPONSE TO BOARD RECOMMENDATIONS

RECOMMENDATION 1: *Request that the board of supervisors conform the disaster relief ordinance to the requirements of the Revenue & Taxation Code.*

RESPONSE: We will request the county council to draft and submit a resolution to bring the current disaster relief ordinance into compliance.

RECOMMENDATION 2: *Notify the county auditor when mandatory interest is required.*

RESPONSE: We concur and will follow recommendation when applicable.

RECOMMENDATION 3: *Process and enroll supplemental assessments for all new construction.*

RESPONSE: We will request the county council to draft a resolution as per your recommendations.

RECOMMENDATION 4: *Improve the possessory interest assessment program by (1) assessing all taxable possessory interests, and (2) reappraising the PI only upon a change in ownership.*

RESPONSE: We concur with both recommendations and will implement the first when staffing and budget allow. The second recommendation has already been implemented with the 1999-2000 roll.

RECOMMENDATION 5: *Assess the mineral rights of quarrying operations.*

RESPONSE: We concur and will implement when staffing and budget allow.

RECOMMENDATION 6: *Revise the audit program by (1) timely auditing all mandatory accounts, (2) developing a nonmandatory audit program, and (3) obtaining written waivers of the statute of limitations whenever a mandatory audit cannot be completed in a timely manner.*

RESPONSE: We concur and to date, 6 of the 8 mandatory audits have been completed, the remaining 2 are in progress. As staffing and budget allow, a nonmandatory program will be developed.

RECOMMENDATION 7: *Use Assessors' Handbook Section 581 as intended.*

RESPONSE: We concur and as staff and budget become available, this recommendation can be implemented.

RECOMMENDATION 8: *Screen signatures on property statements more closely to ensure validity in accordance with Property Tax Rule 172.*

RESPONSE: We concur and as staff and budget become available, this recommendation can be implemented.

RECOMMENDATION 9: *Revise boat appraisal procedures by annually appraising boats at market value.*

RESPONSE: We concur and as staff and budget become available, this recommendation can be implemented.